

CHAPTER 21

MISCELLANEOUS GUIDELINES

RAINY DAY FUND

A political subdivision may establish a rainy day fund to receive transfers of unused and unencumbered funds under IC 36-1-8-5. The fund should be established by resolution and the resolution should state the purposes and sources of funding for the fund.

IC 36-1-8-5 states that whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the governing body of a political subdivision shall order the balance of that fund to be transferred to the general fund or rainy day fund of the political subdivision, as provided in IC 36-1-8-5.1, unless a statute provides that it be transferred otherwise. Transfers to a political subdivision's rainy day fund must be made after the last day of the political subdivision's fiscal year and before March 1 of the subsequent calendar year.

IC 36-1-8-5.1 states that the rainy day fund is subject to the same appropriation process as other funds that receive tax money. Before making an appropriation from the rainy day fund, the governing body shall make a finding that the proposed use of the rainy day fund is consistent with the intent of the fund.

If a political subdivision receives supplemental distributions of CAGIT under IC 6-3.5-1.1-21.1 or COIT under IC 6-3.5-6-17.3, such distributions must be receipted into the rainy day fund.

Transfers to the rainy day fund must be made after the last day of the year and before March 1 of the subsequent calendar year. [IC 36-1-8-5(d)]

The Indiana Department of Local Government Finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.